1:Stanford U. S-4, 5 1956 AF15 East China
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H. Chinese People's Insurance Company

456 On assuming control of Shanghai, the Communists took steps to eliminate both foreign-operated and Chinese-owned insurance firms and to convert the insurance business into a government monopoly. On October 20, 1949, the Chinese People's Insurance Company, a government concern, was established under the guidance of the Ministry of Finance and the People's Bank; its branches, sub-branches, and agencies now extend throughout China. All offices of the People's Bank in small towns and rural areas act as its agents. Government agencies, state enterprises, and co-operatives, and all persons traveling by train, steamer, and airplane, must obtain insurance from this company. Fire, accident, automobile, agricultural, and life insurance are voluntary, but collective personal insurance and insurance on plowing animals and cotton crops are particularly encouraged.

Concentration of the entire insurance business in the Chinese People's Insurance Company and promotion of all forms of insurance serve as an important means of accumulating scattered funds in the People's Bank. The following chart outlines the banking system in East China:

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3: Hinder G-5 (1933-1942) 1944 AF15 East China AF15

deprived of its means of livelihood through the loss of its bread-winner, and taking into account the cost of living, it cannot be said that even the most generous payments were satisfactory. The majority of laws in western countries provide for a lump sum payment, though there are instances of compensation in annual payments, assuming thus that a family has continuing needs. When the minimum subsistence cost for a family in Shanghai was CRB $126 in July 1942, even the highest payment of 1941, $6,000, would last only about a year if the capital were to be lived on. It would be insufficient to produce an income even if the knowledge were possessed as to how to invest it.

Nevertheless there was developing a more modern viewpoint concerning payments arising out of death or serious injury of an employee. There was less talk of a "compassionate grant," and more recognition of the principle enunciated in a footnote earlier in this chapter, the view of the judge of the United States Court for China, that "social justice fairly demands that industry should bear the cost of industrial accidents and that labourers injured in the line of duty should be compensated for disabilities."

Low wages precluded the possibility of savings on which Chinese workers in Shanghai could draw in the event of a period of unemployment. In many western countries unemployment insurance is designed to prevent the level of life of those unable to find work from descending to a point which is against the interests of the worker, his family and the state. In Shanghai there is chronic unemployment, but unemployment insurance, a function of an advanced industrialised state, did not exist. Industry itself attempted to temper the incidence of loss of employment with the payment of an allowance on termination of work.

Amounts paid differed greatly and depended as a rule on the length of the discharged worker's employment. The Factory Act embodies the principle of payment on discharge, but the amounts specified are small.[9] In practice, allowances exceeded those of the

[9] *Article 27*: Unless a longer period of notice is provided for in the contract, the period of notice shall be as follows:—

(1) A worker who has worked in the factory consecutively for more than three months but less than one year shall be notified ten days in advance;

(2) A worker who has worked in the factory consecutively for more than one year but less than three years shall be notified twenty days in advance;

(3) A worker who has worked in the factory consecutively for more than three years shall be notified thirty days in advance.